

# Benefits Insights

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## 5 Strategies for Tackling Rising Health Care Costs in 2023

Most employers are concerned about their health care costs rising in 2023. According to Willis Towers Watson's (WTW) [2022 Emerging Trends in Health Care Survey](#), 94% of employers reported managing health care benefits costs will be their top priority over the next two years. Employers will likely avoid shifting costs to employees because of the state of the labor market. Therefore, many employers are searching for cost-effective solutions to manage growing costs and keep benefits affordable for employees. By implementing effective strategies, employers can prepare for and combat rising health care costs.

This article outlines five strategies to help employers address their rising health care costs.

### 1. Directing Employees to Cost-effective Care

Employers can reduce their overall health care costs by guiding employees to cost-effective care. This may include helping employees avoid unnecessary out-of-network care or directing them to low-cost outpatient care facilities or inpatient care options. Employers can do this by encouraging employees to compare and shop for the best health care prices.

### 2. Improving Employee Health Care Literacy

Employers can help employees become better health care consumers and avoid unnecessary treatments or expensive procedures through education. Well-informed employees are more likely to reduce health care costs by making better care choices.

Employers can educate employees by making health care literacy part of their normal workforce training. They can also present health care information in an accessible and straightforward manner. For example, employers can deliver

information to employees through emails, text messages or infographics to ensure its understandable. Employers can also create user-friendly benefits portals that provide employees with valuable information, such as health plan details and links to health care resources. Employers' efforts to educate employees should occur year-round—not just during open enrollment. This can be done by regularly providing employees with educational resources in various formats, including flyers, webinars, videos and workshops.

### 3. Incorporating Health Care Technology

Using technology can help employers control rising health care costs by allowing employees to access and review their benefits and make better, cost-effective choices. Telemedicine has become an accessible and affordable way to treat employees by offering flexible and cost-effective care. By providing quicker and more frequent care, employees can remain healthy and reduce their overall costs. This is especially true for treating employees with chronic conditions, long-term illnesses and complex diseases, which are often the largest drivers of health care costs. In addition to telemedicine, employees can use health management apps, virtual health programs and digital physical therapy solutions to stay healthy and reduce health care costs.



### 4. Adjusting Health Plan Benefit Design

As health care costs rise and employee health care utilization rebounds—driven by employees prioritizing their deferred medical needs—employers need to find new ways to curb costs. This is particularly vital since employers want to provide employees with affordable, high-quality care without passing increased costs to them.

According to WTW's [2022 Global Medical Trends Survey](#), approximately three-quarters of health insurers believe managing a health plan's network of care providers is crucial for managing rising medical costs. For instance, implementing plan features such as directly contracting with high-quality and cost-effective care providers for in-network coverage, requiring preapproval for scheduled inpatient services and offering telemedicine options can help employers keep health care costs under control.

Some employers are also implementing the following changes to control rising health care costs:

- **Leveraging advanced primary care (APC)**—This form of patient-centered care focuses on patient outcomes and delivering high-quality care while minimizing overall medical expenses. It allows providers to spend more time with patients and deliver more comprehensive care. APC combines elements of multiple employer strategies to reduce overall medical expenses, such as employee wellness programs, on-site or near-site clinics, telemedicine and centers of excellence.
- **Integrating health care benefits**—By integrating health care benefits, employers can lower health care costs by streamlining benefits in an interdisciplinary manner. This may include combining vision, pharmacy, dental and disability benefits. This allows employers to meet employee health needs and create savings for employers and employees.

Flexible and innovative health care offerings allow employers of all sizes to expand care options, improve employee health outcomes and reduce health care expenses.

### 5. Seeking Broker Assistance

Many employers are turning to their insurance brokers to help address rising health care costs. Specifically, employers

are asking brokers to provide information detailing their organizational health care expenditures. They are also asking brokers to help educate employees on how best to shop for care options. Some brokers are responding by providing employers with increased health care transparency and advocacy services to help them reduce their health care costs.

### Conclusion

Increased health care costs will likely continue to impact employers for the foreseeable future. However, employers have many strategies available to them to tackle rising costs. As these strategies may take time to generate any savings, employers should consider implementing certain strategies now. Employers who proactively enact solutions to address rising health care costs will likely be better positioned to manage such costs and prioritize employee benefits affordability.

For more information on health care benefits, contact National Insurance Services today.